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Financial reports and audited financial statements, and reports of the Board of Auditors

Review of the efficiency of the administrative and financial functioning of the United Nations

Measures to strengthen accountability at the United Nations

Report of the Secretary-General**

Summary

The present report responds to General Assembly resolution 59/272 of 23 December 2004, in which the Assembly requested the Secretary-General to submit annually to it a report on measures implemented aimed at strengthening accountability in the Secretariat. The report comes at a time when the United Nations has faced an unprecedented series of organizational challenges. In response to these challenges, the Secretary-General has revisited the existing mechanisms of accountability and oversight and developed a set of measures based on three main pillars, namely, accountability; transparency; and ethics.

The report outlines these new measures, and others that were already initiated, and presents them under the following thematic headings: measures for strengthening the accountability framework; strengthening the oversight mechanisms; ensuring ethical conduct; enhancing transparency; and other measures. In addition, the report responds to two other requests of the General Assembly, as contained in its resolutions 59/264 A of 23 December 2004 and 59/264 B of 22 June 2005, namely: to report, respectively, on (a) an analysis of experiences with audit committees derived from a review conducted by the Secretariat; and (b) progress made on indicating time frames for the implementation of the recommendations of oversight bodies, both of which are an integral part of the measures being taken to improve accountability.

* A/60/150.

** Owing to extensive consultations, submission of the present report was delayed.

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I. Introduction

1. The present report has been submitted pursuant to paragraph 9 of General Assembly resolution 59/272 of 23 December 2004, in which the Assembly mandated the Secretary-General to submit annually to the Assembly a report under the agenda item entitled "Review of the efficiency of the administrative and financial functioning of the United Nations" addressing the measures aimed at strengthening accountability in the Secretariat. This report also responds to paragraph 11 of resolution 59/264 A of 23 December 2004 and paragraph 7 of resolution 59/264 B of 22 June 2005, in which the Assembly called, respectively, for an assessment of the experiences of audit committees within the United Nations system and other international organizations, and an assessment of progress achieved towards assigning time frames for the implementation of the recommendations of the Board of Auditors.

2. Since the submission to the General Assembly of the last report of the Secretary-General entitled "Accountability and responsibility" (A/55/270 of 3 August 2000), there have been continuing efforts to strengthen accountability at the United Nations. However, the Secretariat is now facing an unprecedented series of organizational challenges which have exposed shortcomings in the way it conducts its business. The Secretary-General is therefore taking additional actions where it is within his authority to do so, particularly in the critical areas of the accountability framework, oversight, ethics and transparency.

3. This report is organized into six parts covering the following headings: measures for strengthening the accountability framework; assessment of experiences with audit committees; establishment of oversight mechanisms; ensuring ethical conduct; enhancing transparency; and timely implementation of recommendations of the oversight bodies.

II. Measures to strengthen the accountability framework

4. The accountability framework at the United Nations is based on a hierarchy headed by the General Assembly that flows through the Secretary-General, senior managers and middle management to all other staff. Annex I to this report provides a schematic representation of this structure and the mechanisms that support it. At each level in the hierarchy, it is essential that there be clearly defined responsibilities and performance expectations and that there be mechanisms in place that enable both routine and formal assessment of performance. The measures described in the present section of this report are aimed at ensuring that: (a) the Secretary-General receives the necessary advice to properly assess the performance of senior managers; (b) executive-level decisions are clearly understood and followed up; (c) senior managers understand what is expected from them; and (d) the mechanism for formal appraisal of all staff, including managers, is improved.

A. Reconstituting of the Accountability Panel as the Management Performance Board

5. Through the promulgation of Secretary-General's bulletin ST/SGB/2005/13, which took effect from 13 May 2005, the Secretary-General has replaced the

Accountability Panel with the Management Performance Board. The Board's terms of reference and responsibilities are clearer and better defined than those of the Panel. The Board will advise the Secretary-General on matters concerning the performance of individual senior managers. Its functions include reviewing the material recommendations of the Oversight Committee (see sect. IV of this report) and ensuring that managers act on serious managerial issues identified by its oversight bodies. It will also monitor the manner in which senior managers exercise all aspects of the authority that has been delegated to them, including their performance in achieving the objectives contained in human resources action plans, and review the outcome of the administration of justice proceedings in the Secretariat for management accountability purposes.

6. The members of the Management Performance Board will be appointed by the Secretary-General for a two-year term, which may be renewable. Its membership will consist of a chairperson, who will be the Deputy Secretary-General, two members at the Under-Secretary-General level and an external expert in public sector management.

7. In July 2005, the Deputy Secretary-General chaired the first organizational meeting of the Management Performance Board, which conducted a review of existing sources of managerial performance data. The Department of Management was requested to review methods of performance assessments used in other comparable organizations, with a view to preparing proposals for a set of qualitative and quantitative performance indicators covering both programmatic and managerial functions that would enable a high-level evaluation of a senior manager's performance. The Board is expected to consider these proposals at its next meeting in the fourth quarter of 2005.

B. Improving executive-level decision-making

8. Recognizing the value in having the ability to take high-level decisions on a timely basis and in an effort to ensure that mechanisms would be in place to hold senior management accountable for follow-up action, the Secretary-General established a Senior Management Group as part of his initial reform programme in 1997. The Group comprised all heads of Secretariat departments and United Nations offices, funds and programmes. As a result, coordination and coherence within the United Nations family have since been enhanced. In practice, however, while having real utility as an information-sharing body, the Group has proved too large for effective and timely decision-making. Consequently, two smaller senior-level committees, a Policy Committee and a Management Committee — both chaired by the Secretary-General — have been created. The modus operandi of these Committees will ensure clear expectations, and clear definition of responsibility and timelines for implementation. As of 30 June 2005, the Policy Committee had met on six occasions since its establishment in May 2005 and has presented the Secretary-General with policy options on a wide range of issues. The Management Committee held its first meeting on 20 May 2005 to review progress made to date on management reform and later met in July 2005 to endorse a number of reform proposals.

C. Introducing mandatory induction programmes for senior officials

9. A more robust approach to ensuring that senior officials are adequately informed on the broader system of United Nations regulations and rules, code of conduct and managerial systems is required. To meet this need, the Department of Peacekeeping Operations piloted its first induction session in June 2005 for a group of newly appointed leaders in a number of field missions. The programme, which is intended to be conducted biannually, will cover sessions on conduct and requirements for management performance. At the same time, a broader induction programme for senior-level recruits is being developed in the rest of the United Nations Secretariat. It is expected that this will be launched by the end of 2005. A consolidated reference guide on delegation of authority has been prepared and will act both as a training aid during the induction programmes and as a reference document designed to clarify the responsibilities that are delegated to senior officials.

D. Defining performance expectations for programme delivery

10. An essential component of the accountability framework is the clear and meaningful measurement of programme delivery. To this end, as part of the Secretary-General's first round of reforms, results-based budgeting was introduced. A comprehensive set of performance indicators for all programmes, including peacekeeping missions, have now been developed. For the programme budget for 2004-2005 and the proposed programme budget for 2006-2007, performance measures, namely, baselines and targets, have also been included.

11. To gain maximum benefit from these performance indicators, monitoring and evaluation are being enhanced. The Office of Internal Oversight Services presented its latest recommendations on this subject to the General Assembly in its reports on strengthening the role of evaluation findings in programme design, delivery and policy directives (see A/59/79) and further specific proposals (which were prepared jointly with the Joint Inspection Unit (JIU)) on the strengthening and monitoring of programme performance and evaluation (A/60/73). The measures being implemented will include improvements in data-collection and monitoring systems and strengthening of self-evaluation. Programme managers are required to include in their budget proposals for the biennium 2006-2007 adequate resources to effectively evaluate their programme performance.

12. The improvements in monitoring and evaluation combined with the performance indicators contained in the biennial programme plan and the programme budget will provide the basis for objective reporting of performance both to Member States through the programme performance report and to the new Management Performance Board. These inputs, together with the independent inspection and evaluation reports of the Office of Internal Oversight Services and JIU, will put the Board in a position to provide the Secretary-General with the advice he needs to hold his senior managers accountable for the results they achieve in delivering their work programmes.

E. Enhancing the Performance Appraisal System

13. As part of the overall accountability framework, the e-PAS is the formal tool employed in holding staff accountable for their performance. The system has the basic objective of creating a fair, equitable, transparent and measurable system of performance management in support of a results-based culture that recognizes and rewards excellent performance while adequately addressing underperformance. The system applies to all staff and managers except the heads of departments who are currently subject to annual assessment through their programme management plans. The e-PAS represents an enhancement of the original Performance Appraisal System (PAS), and was introduced after extensive consultations throughout the Secretariat. Incorporated into the revised e-PAS system are the following features:

(a) The organizational core values and competencies, in order to provide a fuller picture of performance;

(b) Self-assessment by staff members;

(c) The managerial competencies for supervisory staff so as to provide an assessment of their supervisory skills;

(d) Strengthened links between performance management and career development;

(e) Enhanced accountability measures such as the inclusion of an optional section in the e-PAS for the comments of staff on supervision received.

F. Requiring personal financial liability of staff

14. The Secretary-General has defined the conditions, through staff rules 112.3, 212.2 and 312.2, under which staff members may be required to reimburse the United Nations, either partially or in full, for any financial loss suffered by the Organization as a result of the staff member's gross negligence or violation of the regulations and procedures. To that end, administrative instruction ST/AI/2004/3 of 29 September 2004 was promulgated. The instructions also define the conditions for implementing financial rule 101.2, under which any staff member who violates the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7) or corresponding administrative instructions, may be held personally accountable and financially liable for his or her actions.

III. Assessment of experience with audit and oversight committees within the United Nations system and other international organizations

15. At its fifty-ninth session, the General Assembly, in paragraph 11 of its resolution 59/264 A, having taken note of the Secretariat's effort in collecting information on the experiences of audit committees within the United Nations system and other international organizations, requested the Secretary-General to report on and provide an assessment of its findings to the Assembly at its sixtieth session.

16. The Secretariat collected the information on audit committees during 2004. Thirty-three organizations were involved, grouped in four categories: specialized agencies and related organizations; funds and programmes; multinational financial institutions; and other international organizations. The Secretariat's analysis revealed that 60 per cent of the organizations involved in the survey had already established an oversight mechanism (see annex II). These oversight mechanisms were referred to as either audit committees or oversight committees. It is worth noting that even the organizations that do not have an institutionalized audit committee have set up mechanisms to review internal and external audit matters as well as progress made in implementing audit recommendations. In some of these cases, it is the relevant programme and budget committee that plays this role.

17. When considering the role of the audit committees within an organization, it is important to recognize the distinction between the committees that operate as advisory panels to either the respective executive heads or the executive boards and those that are part of the governing body of the organization. The latter is the case in most of the multinational financial institutions like the World Bank Group, the African Development Bank, the European Investment Bank (EIB) and the International Fund for Agricultural Development (IFAD).

18. The responsibilities of the oversight committees generally include:

(a) Reviewing the strategy and workplans of internal and, in some organizations, external audit; and discussing the scope and content of their audits so as to identify audit priorities and suggesting potential audit areas within which to address the organization's risks;

(b) Reviewing the findings and recommendations emanating from the reports, inspection and investigations, including those on irregularities and fraud;

(c) Ensuring that appropriate and timely actions are taken by the management in implementing the recommendations of the internal and external oversight bodies and monitoring follow-up action thereon.

19. In addition, other responsibilities of some of the committees include:

(a) Assessing the integrity of the financial statements of the organizations and their accounting, financial reporting and disclosure policies and practices;

(b) Reviewing risk management and the internal control system;

(c) Making recommendations with regard to the appointments and tenure of members of the external board of auditors;

(d) Assessing the adequacy and effectiveness of internal and external audit services;

(e) Providing an open avenue of communication between the governing board, management and the functions of internal and external audit;

(f) Serving as an issue resolution forum in cases where there are differences in respect of opinions or recommendations between managers and auditors or investigators, or among the auditors themselves;

(g) Promoting an organization-wide culture that accepts the importance and value of the internal audit, inspection and investigation functions and providing

executive heads with the assurance that these functions are operating effectively and efficiently.

Composition

20. In general, the membership of the committees ranges from six to nine members, primarily high-ranking or senior management officers. However, external (United Nations or non-United Nations) members are strategically included either because of their present position as is the case at the United Nations Development Programme (UNDP) or because of their professional qualifications, expertise and/or competence as is the case at the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP), the United Nations Children's Fund (UNICEF) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). External members usually serve for a two-year renewable term.

Meetings

21. The committees generally meet up to four times per annum. However the chairperson in most cases possesses the discretionary authority to call additional meetings if deemed appropriate, for example, to initiate discussion of emerging audit matters. The executive head in some instances can also request that the chairperson convene a meeting.

Reporting

22. The committees generally report to either the executive head or to the governing body (for example, the executive council). It is worth noting that the committees within the United Nations system generally report to their executive heads, while the committees within the multinational financial institutions and other international organizations report to their executive boards.

IV. Strengthening of the oversight mechanisms

23. Independent oversight is an essential part of any comprehensive system of accountability. At the United Nations, there are three main bodies that provide this function, namely, the Board of Auditors, the Office of Internal Oversight Services and JIU. Without the audit of financial statements, the investigation of complaints, the evaluation of programme performance, and all the other reviews carried out by these bodies, both internal management and the governing bodies would not have an impartial assessment of the functioning of the Organization or, where shortcomings are identified, be in a position to hold accountable those responsible. It is therefore essential that the oversight bodies be independent, have the capacity to carry out their functions, and provide full coverage of all aspects of the functioning of the Organization. It is also essential that effective follow-up action be taken on the basis of their findings, including implementation of recommendations and analysis of their reports, to address systemic weaknesses. The measures described in the present section of this report address these issues.

A. Establishment of the United Nations Oversight Committee

24. As has been described in section III of this report, the Secretariat initiated a review of audit committees in order to establish a similar body at the United Nations. Pursuant to the initiation of this review, the General Assembly, in resolution 59/272 of 23 December 2004, requested the establishment of a high-level follow-up mechanism under the authority of the Secretary-General to effectively feed findings and recommendations of the oversight bodies into the executive management processes.

25. Utilizing the findings of the Secretariat's review, terms of reference for a United Nations Oversight Committee have been prepared and are ready for issuance. The Oversight Committee will function as an independent advisory panel to the Secretary-General. Its objectives include ensuring the systematic implementation of recommendations of the oversight bodies; sharing audit-related information and lessons learned within the Secretariat, where appropriate; and ensuring that significant risks to the Organization are identified and mitigating measures taken. Its responsibilities will include:

(a) Ensuring that appropriate and timely action is taken by the relevant managers to rectify problems in areas of concern identified by oversight bodies, and to effectively manage risks within the organization;

(b) Alerting the Secretary-General on systemic organizational issues that may arise from audit, investigation or evaluation reports, and making recommendations as appropriate;

(c) On behalf of the Secretary-General, providing advice and suggestions on the priorities, long-term strategy and annual audit workplans of oversight bodies and requesting that significant risks identified be included in such workplans;

(d) Preparing the Secretary-General's response to reports of oversight bodies submitted to the General Assembly, taking into account the input provided by the departments or offices concerned;

(e) Rendering advice on audit related-matters to the Secretary-General and departmental heads as it deems appropriate;

(f) Encouraging and facilitating, if necessary, collaboration and cooperation among the various oversight bodies.

26. The Secretary-General will appoint a Chairperson and three additional members to the Committee. The Chairperson and two of the members will be senior Secretariat officials at a rank no lower than that of Assistant Secretary-General. The other member will be external to the Secretariat. Members of the Committee shall serve for a period of two years, renewable once, with the renewal period phased so as to provide continuity. Committee members shall act in an independent capacity while performing their advisory role on the Committee. The Committee shall meet at the request of the Chairperson or any member as required but no less than once every calendar quarter. The Under-Secretary-General for Management will attend meetings in an ex officio capacity.

27. The Committee is required to produce an annual report on its work for the previous year, which will be presented to the Secretary-General during the first calendar quarter of each year. The Committee will also contribute to the annual

report to the General Assembly on measures taken to improve accountability in the Secretariat.

28. It should be noted that some of the functions identified during the review of the audit committees of other organizations have not been included in the terms of reference of the Oversight Committee. These would include making recommendations on the resource requirements of the various oversight bodies; assessment of the efforts of the Office of Internal Oversight Services, the Board of Auditors and JIU to strengthen the Organization's internal controls; and the identification of possible gaps in the United Nations oversight coverage. It is considered that these functions would not be appropriately discharged by a committee reporting directly to the Secretary-General. However, additional strengthening of United Nations oversight is currently under discussion in the General Assembly.

B. Enhancement of fraud and corruption prevention mechanisms

29. In paragraph 349 of volume I of the report of the Board of Auditors (A/59/5 (vol. I), chap. I), the Board recommended, inter alia, that the Administration:

(a) Implement a comprehensive and well-communicated corruption and fraud prevention plan in the United Nations system;

(b) Establish a corruption and fraud prevention committee that would serve as an effective framework and coordination point for a United Nations system corruption and fraud prevention mechanism;

(c) Conduct ethics, corruption and fraud awareness training sessions and workshops among managers, international and local employees and other stakeholders;

(d) Develop appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud.

A clarification was obtained from the Board that the word "system" mentioned in its recommendation referred to the United Nations and its funds and programmes.

30. The United Nations already has in place many rules, procedures and controls designed to prevent fraud and corruption. However, based on the Board's recommendation, new efforts have been initiated to draw a more comprehensive plan, addressing all aspects of corruption and fraud prevention. To that end, a working group has been established to propose such a plan. As a first step, the working group is drawing up an anti-corruption and fraud prevention policy which will draw on existing best practices, including the model recently developed by the World Bank.

31. The working group will also propose an effective mechanism through which to coordinate the efforts on corruption and fraud prevention of the United Nations and its funds and programmes.

32. A training programme will be part of the overall corruption and fraud prevention plan. It will include general awareness training, as well as specific modules for functions where the risk of fraud and corruption is higher. The programme will address staff at all levels of the Organization.

C. Efforts to strengthen the Office of Internal Oversight Services

33. The Office of Internal Oversight Services in its tenth annual report to the General Assembly (see A/59/359) provided the results of its own self-evaluation to assist the Assembly in carrying out its review and evaluation of the Office in 2004. The self-evaluation exercise looked at strengths and weaknesses and pointed to areas where the Office could be improved. In addition, in his note transmitting the annual report to the Assembly, the Secretary-General recommended to the Assembly that the Office undergo a comprehensive external review in order to strengthen its capacity to carry out all aspects of its work. That recommendation was reiterated in paragraph 192 of the Secretary-General's report entitled "In larger freedom: towards development, security and human rights for all" (A/59/2005).

34. The General Assembly in paragraph 11 of its resolution 59/272 affirmed that any external review of the Office of Internal Oversight Services could be undertaken only by such bodies as the Board of Auditors or JIU, or those mandated to do so by the Assembly. It is recommended that the scope of such a review should include the investigation processes at offices away from Headquarters as recommended by the Board.

35. Apart from any external review that may be undertaken as a result of the Secretary-General's proposals above, measures have already been taken to strengthen the investigation function of the Office of Internal Oversight Services. In resolution 59/287 of 13 April 2005, the General Assembly re-emphasized that the Office was the internal body entrusted with investigation in the United Nations and therefore decided that the results of all preliminary investigations conducted by programme managers should be reported to the Office. Pursuant to the adoption of this resolution, the Office now has independent, residual and exclusive authority to investigate the most serious cases (all "category one" cases, that is to say, all high-risk, complex matters and serious criminal cases). An added layer of oversight determines that the Office must be informed of the results of all "category two" cases (cases of lower risk to the Organization) investigated by programme managers, so that the Office can have an overview of all matters that have been investigated by the Organization.

D. Review of governance structures and the format of accountability reports

36. The way in which financial reports and reports of oversight bodies are considered and acted upon represents an essential part of the accountability process. Recognizing this, the General Assembly in paragraph 6 of its resolution 57/278 A of 20 December 2002 (later reaffirmed in resolution 59/264 A) requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system and to make proposals on the future format and consideration of the reports of the Board of Auditors by the respective executive boards and the Assembly. The matter was taken up and discussed by the High-level Committee on Management (HLCM) at its eighth session, held in Rome on 5 and 6 October 2004. At that session, the Committee decided that, in the first instance, this item should be carried forward by the Finance and Budget Network, in particular as regards format and consideration of the reports of the Board of

Auditors, and requested that the secretariat of the United Nations System Chief Executives Board for Coordination (CEB) carry out consultations with the Board of Auditors and obtain more detailed information on the scope and objectives of this review (see CEB/2004/6, para. 60). Member States are currently seized with the subject of strengthening governance arrangements in the context of the discussions on the outcome document for the High-level Plenary Meeting of the Assembly.

37. Related to this subject is the recommendation of the Board of Auditors that covered the issue of governance principles and best practices related to financial reporting. It pointed out that in its view, the following governance issues were normally reported on in a medium such as the financial report that preceded the financial statements: (a) governance and other regulatory bodies; (b) performance reporting and non-financial information; (c) social accounting issues; and (d) risk management, continuity and internal control (A/59/5/Add.2, chap. II, para. 25).

38. At its ninth session held at Geneva in April 2005, the High-level Committee on Management decided to set up a working group to examine current accountability mechanisms in organizations, to raise awareness of such tools and to identify best practices (see CEB/2005/3, para. 22 (f)). It was recognized that this issue was very broad and was related to overall organizational culture and not just audit processes (ibid., para. 21). Therefore, the working group will comprise representatives of budget, finance and human resources management. The terms of reference of this working group will, inter alia, include addressing the resolutions and recommendations referred to in paragraphs 36 and 37 above.

V. Ensuring ethical conduct

39. The commitment to the highest ethical standards at the United Nations is a core value and fundamental guiding principle in ensuring that the Organization achieves its mission. In response to the findings of a Secretariat-wide staff survey, the probes into the management of the oil-for-food programme and the allegations of sexual misconduct in various peace missions, the United Nations has begun implementing additional measures to address deficiencies and ensure a culture of ethical conduct.

A. Proposed establishment of the United Nations Office of Ethics

40. Underlying the main effort of the Secretariat in that regard is the proposal for the establishment of an independent Office of Ethics, the head of which will report directly to the Secretary-General. The objective of the Office will be to assist the Organization in maintaining the highest standards of integrity, as required by the Charter of the United Nations and thereby maintain and enhance international confidence in the United Nations through fostering a culture of ethical conduct, transparency and accountability, setting and disseminating standards for appropriate professional conduct and providing leadership, management and oversight of the United Nations ethics infrastructure. Proposals for the establishment of the Office of Ethics, along with its terms of reference, are currently under preparation for the consideration of the General Assembly.

B. Financial disclosure by senior officials

41. In July 2005, the Secretary-General decided to broaden the scope of financial disclosure, as currently required of senior officials, including those employed on a short-term basis or under special conditions. This followed a review of disclosure practices in comparable organizations. The appropriate mechanisms for monitoring these disclosures are also under review for immediate strengthening. It is envisaged that the scope of annual financial disclosure and declaration of interest will be broadened from the Assistant Secretary-General/Under-Secretary-General level to include all staff at the D-1 level and above. The financial disclosure threshold levels will be lowered for assets and income from $25,000 to $10,000 and for gifts from $10,000 to $250.

42. The financial disclosure programme will be administered by the proposed Office of Ethics, pursuant to its establishment. The implementation of the expanded financial disclosure regime will require an amendment of staff regulation 1.2 (n) by the General Assembly.

C. Protection against retaliation for exposure of wrongdoing or reporting of irregularities and misconduct

43. The Secretary-General is finalizing a comprehensive policy to ensure protection against retaliation for reporting of alleged misconduct. This policy will complement existing administrative issuances concerning avenues for the reporting of alleged misconduct that are set out in information circular ST/IC/2005/19. It is essential that staff have confidence in these mechanisms and assurance that the appropriate level of protection is provided. For this reason, additional rounds of consultation with the staff have been conducted on the terms of the new policy.

D. Enhancement of codes of conduct and conflict-of-interest rules

44. While the United Nations has in place a detailed Code of Conduct readily available to all staff on the Intranet, it is now planned to disseminate the Code in other ways. The Secretary-General has commissioned the design of a user-friendly orientation and information booklet for distribution in the latter part of 2005 to all staff based on the Secretary-General's bulletin on the status, basic rights and duties of United Nations staff members (ST/SGB/2002/13). Special additional rules are also being developed for staff engaged in procurement activities. In this respect, a Declaration of Independence to be signed by all staff members working in the procurement process has been prepared and an administrative issuance on rules governing the conduct of staff engaged in procurement activities is being finalized for adoption by the Secretary-General. A United Nations Supplier Code of Conduct is also being formulated. It is expected that all these materials will be produced and ready for dissemination in the near future.

45. The Office of Ethics, once established, will be responsible for standard-setting on ethics issues and training, in coordination with the Office of Human Resources Management.

E. Incorporation of ethics into staff training programmes

46. Staff will be required to complete a new downloadable content module on integrity and ethics provisions for self-training that has now been completed in the form of a CD-ROM. In addition, ethics modules have been incorporated into all existing training programmes for United Nations staff, including at induction, and the Career Resources Centre (CRC) offers a lunchtime programme on ethics. It is envisaged that both the CD-ROM on integrity and the Career Resources Centre ethics programme will be mandatory for all staff.

F. Protection against harassment in the workplace

47. While the United Nations has a zero tolerance sexual harassment policy in place, the Secretary-General is in the process of formulating a new, broader policy to encompass other forms of harassment. This will be introduced following consultation with the staff representative bodies. The United Nations Secretariat has also joined the United Nations Development Group in the development and implementation of an online learning programme on harassment, sexual harassment and abuse of authority, which, once available, will be mandatory for all staff.

G. Response to allegations of sexual exploitation and abuse by field personnel

48. In addition to the efforts in place for dealing with the issues of harassment and sexual misconduct, in response to the widespread allegations of sexual exploitation and abuse at some United Nations peacekeeping operations, there has been aggressive pursuit by the Organization of such cases. As of July 2005, across all peacekeeping operations, 186 peacekeepers had been investigated for sexual exploitation and abuse; 7 United Nations civilians had been summarily dismissed; and 80 members of military contingents had been expelled from the field missions. Investigations into such allegations are ongoing in the Democratic Republic of the Congo, Liberia and Haiti in particular. Additionally, a number of short- and medium-term initiatives are under way, including:

(a) The introduction of a unified standard of conduct across all categories of peacekeeping personnel. Mandatory training on prevention of sexual exploitation and abuse has been integrated into all mission induction programmes. Improved complaint mechanisms have been established in all missions, including telephone hotlines and a network of Focal Points for Sexual Exploitation and Abuse, who receive complaints in person. In addition, missions are ensuring that victims of sexual abuse are referred to existing emergency assistance (medical, psychosocial, legal) in the mission area;

(b) A global review of the state of discipline in peacekeeping operations conducted by the Office of Internal Oversight Services, the results of which are currently being analysed;

(c) The establishment by the Department of Peacekeeping Operations of a Conduct and Discipline Unit at United Nations Headquarters. Over the coming months, similar capacity will be created in eight Department of Peacekeeping

Operations missions. The Units will focus on preventing misconduct through various means, including awareness-raising and training and improving welfare and recreation facilities. Other key activities of such Units will include tracking data on misconduct cases for all categories of peacekeeping personnel and developing measures to ensure compliance with United Nations standards of conduct, such as the establishment of lists of premises considered out of bounds for United Nations personnel. Such Units will work with in-country networks on sexual exploitation and abuse, developed to better coordinate and share information on this problem;

(d) The approval by the General Assembly in June 2005 of 19 new Office of Internal Oversight Services investigator positions, as well as additional investigative resources for following up allegations of misconduct in peacekeeping missions.

49. In the longer term, a comprehensive review will be undertaken of the welfare and recreation needs of all peacekeeping personnel, as well as the development of a comprehensive strategy for victim assistance. New agreements with troop-contributing countries and United Nations partners will be developed. In addition, a group of legal experts will be examining ways to ensure that United Nations staff and experts on mission are held responsible for criminal acts committed in countries where no functioning judicial system exists.

H. Dissemination of information concerning the Secretary-General's decisions in disciplinary matters

50. Starting in 2002, two information circulars (ST/IC/2002/25 and ST/IC/2004/28) were issued that informed all staff of the Secretary-General's practice in disciplinary matters. It is expected that the sharing of information with staff members concerning decisions on disciplinary cases will not only raise awareness and enhance transparency in disciplinary matters, but also have a deterrent effect and thus enhance ethical conduct.

VI. Enhancing transparency

51. Transparency is an essential feature of any system of accountability. By making decision-making processes, performance data, transaction processing, and general information about the Organization more accessible, the United Nations becomes more accountable to Member States, staff and civil society. A major vehicle for improving transparency has been Internet technology, and the United Nations home page has been enhanced during the last few years to become a strategic communication tool. Efforts are also ongoing to increase awareness inside the United Nations of Intranet capabilities, and build on existing features, such as the Procurement and Facilities Management tracking systems, that give transparency to administrative processes. In addition to the continuous expansion of the Intranet, Extranet and Internet, there are other measures aimed at improving the openness of the operation of the United Nations, which are described below.

A. Access to United Nations information

52. The Secretary-General has initiated an assessment of best practices in public administrations around the world and examined various models of information access in different countries in developing a clear and consistent policy for determining which United Nations documents should be accessible outside the Secretariat. In the latter part of 2005, the Management Committee will review this comprehensive assessment and will provide guidance for a new policy. It should be noted that access to United Nations documentation that is neither restricted nor confidential is now freely available on the Internet through the Official Document System.

B. Selection and appointment of senior officials

53. In order to enhance transparency in the appointment of senior officials, the Secretary-General has put in place a new selection process which ensures a much wider search for qualified candidates and allows for a rigorous, open process against predetermined criteria for all senior United Nations officials and heads of United Nations funds and programmes. As part of the new mechanism, the Senior Appointment Group (SAG) reviews candidatures for appointment by the Secretary-General. The Chef de Cabinet then constitutes an interview panel with a minimum of four members of the Group. The names of two or more finalists are then submitted to the Secretary-General and the Deputy Secretary-General for final consideration.

54. In the case of senior appointments that involve intergovernmental bodies in the appointment process (for example, the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Development Programme (UNDP), the United Nations Relief and Work Agency for Palestine Refugees in the Near East (UNRWA) and the Office of Internal Oversight Services), shortlists are drawn up from a list of nominations submitted in response to a request for such nomination by the Secretary-General addressed to Members States and relevant institutions. Shortlists would also be developed through a more informal process of outreach and search. In the case of Secretariat appointments of a specialized nature, an outside technical expert may be invited to be part of the relevant interview panel. In all cases, clear job descriptions and required competencies will have been developed against which candidates can be judged. A more systematic process of vetting and reference-checking of candidates will be instituted, with external assistance whenever necessary. The Secretary-General will in all cases have the ultimate authority to make the final selection, taking into account other factors, such as geographical distribution and gender balance. Since the establishment of this new procedure, several senior-level posts have been filled via the new system, including those of UNDP, the Office of Internal Oversight Services and UNHCR.

C. Senior Review Group

55. The Secretary-General has constituted a Senior Review Group as a standing advisory body to make recommendations to the Secretary-General on appointment and promotion to posts at the D-2 level. For the purpose of defining the terms of

reference of the Group, Secretary-General's bulletin ST/SGB/2005/4 was promulgated on 28 February 2005 and the membership of the Group was presented in information circular ST/IC/2005/33 of 1 July 2005. In accordance with the provisions of section 2 of the Secretary-General's bulletin, all appointments to this body are made by the Secretary-General. According to section 3, all D-2 vacancy announcements, except for vacant posts in the Executive Office of the Secretary-General and for the special envoys, are to be circulated.

D. External validation of the procurement system

56. The Volcker Inquiry was critical of various United Nations procurement cases in the early years of the oil-for-food programme. However, since the mid-1990s, a major overhaul of the United Nations procurement process has been undertaken, making it more transparent and addressing any shortcomings identified in a number of different reviews. In the light of issues raised by the Volcker Inquiry, the Secretary-General commissioned a review, completed in June 2005, that compared existing procurement rules and regulations with the best global practices of outside organizations and companies in order to ensure that the improvements introduced since the mid to late 1990s met the highest global standards. In addition, in August 2005, the Secretary-General commissioned a full financial and internal control review of the United Nations current procurement system.

57. The June 2005 review evaluated positively the transparency achieved by the United Nations Procurement Service website. The review stated that the Service website (http://www.un.org/Depts/ptd) was an extensive, well-designed site with current information directly relevant to the needs of prospective and active suppliers and that the transparent and open approach of the Service to sourcing and vendor development was directly in line with that of leading public procurement agencies.

E. Accounting standards

58. The adoption of clear standards for accounting purposes is essential for transparent financial reporting. The High Level Committee on Management has approved a project for the development of such accounting standards within the United Nations system. This project is being undertaken by a Task Force under the auspices of the Committee's Finance and Budget Network. Possible standards have been identified and final proposals will be submitted by the Task Force to the Finance and Budget Network for approval prior to their presentation to the Committee for endorsement.

VII. Time frames for implementation of the recommendations of the oversight bodies

59. In paragraph 8 of its resolution 59/264 A, the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to indicate expected time frames for the implementation of the recommendations of the Board of Auditors, including the office-holders to be held accountable. A similar request was later reiterated in paragraph 6 of resolution 264 B; and in paragraph 7 of the same resolution, the Secretary-General

was further requested to provide an assessment to the Assembly at its sixtieth session on the progress achieved towards assigning time frames for the implementation of recommendations of the Board.

60. As per annex III of the present report, approximately 73 per cent of the recommendations addressed to the United Nations, and reported as outstanding to the Board of Auditors as at the end of June 2004, had time frames assigned for implementation. For the United Nations University (UNU), the International Trade Centre UNCTAD/WTO (ITC), the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, time frames were provided in 82 per cent, 50 per cent, 40 per cent and 47 per cent of cases, respectively. For all four organizations, the office-holders responsible for implementation were clearly identified for all outstanding recommendations. The progress towards proper assignment of time frames was acknowledged by the Board in paragraph 1 (a) of its current report to the General Assembly at its sixtieth session on the status of implementation of its recommendations relating to the biennium 2002-2003 (see A/60/113, annex).

61. Owing to the high priority given to the implementation of all the approved recommendations of the Board of Auditors and the other oversight bodies, efforts have been intensified by the Secretariat to ensure that the recommendations of the other oversight bodies, the Office of Internal Oversight Services and JIU also have responsible office-holders assigned and time frames defined for their implementation. The Oversight Committee will have an overall responsibility for ensuring compliance with these requirements.

62. Overall progress is being made towards improving implementation rates. The Board of Auditors was pleased to note that the overall proportion of implementation of 34 per cent of the previous biennium had increased to 46 per cent in the biennium 2002-2003 (see A/60/113, annex, para. 9).

VIII. Conclusions and recommendations

63. This report describes the measures taken by the Secretary-General to strengthen the system of accountability at the United Nations. In formulating these measures, the Secretary-General has taken into account the need for: (a) the clear definition of authority and results to be achieved; (b) the establishment of appropriate support and guidance mechanisms; (c) the strengthening of systems to ensure proper monitoring and evaluation of performance; and (d) the provision of follow-up mechanisms that lead to appropriate recognition of both good and unsatisfactory performance, and investigations and appropriate corrective action if necessary.

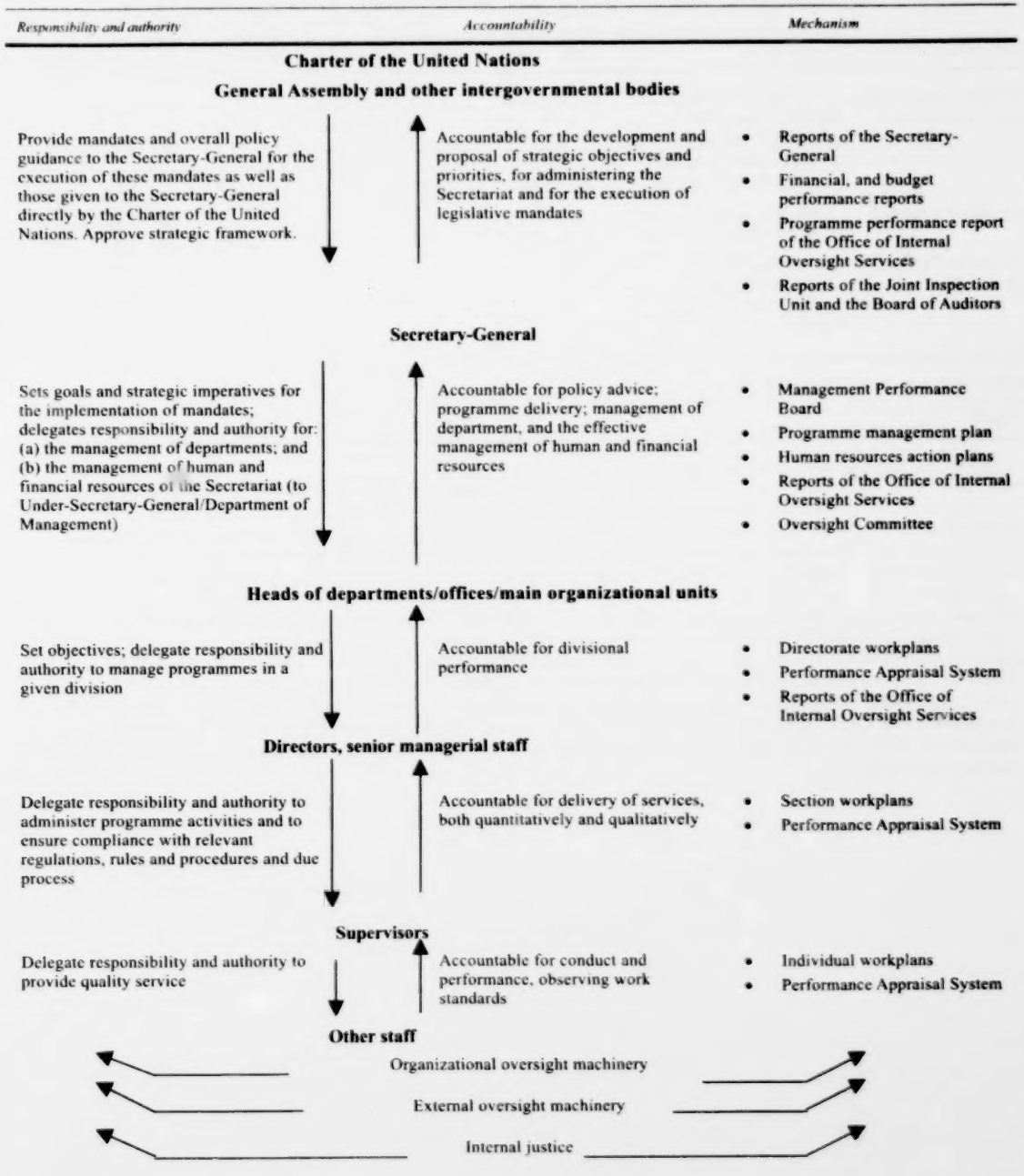
64. Many of the measures described, such as the establishment of the Management Performance Board and the proposed establishment of the Office of Ethics, will themselves lead to a further examination of the way that the United Nations

conducts its business and to additional measures to improve the system of accountability. Together with those already described in this report, they will help achieve the goal of ensuring that programme managers and staff are held accountable for the effective delivery of their work and the way they conduct themselves, and that both management and staff operate in an open and transparent environment, free from unethical conduct.

65. The General Assembly may wish to take note of this report, including of the fact that new elements are being added to the accountability framework that will strengthen accountability in the Secretariat.

Annex I

The accountability framework


Responsibility and authority
Accountability
Mechanism
Charter of the United Nations
General Assembly and other intergovernmental bodies
Provide mandates and overall policy guidance to the Secretary-General for the execution of these mandates as well as those given to the Secretary-General directly by the Charter of the United Nations. Approve strategic framework.
Accountable for the development and proposal of strategic objectives and priorities, for administering the Secretariat and for the execution of legislative mandates
• Reports of the Secretary-General
• Financial, and budget performance reports
• Programme performance report of the Office of Internal Oversight Services
• Reports of the Joint Inspection Unit and the Board of Auditors
Secretary-General
Sets goals and strategic imperatives for the implementation of mandates; delegates responsibility and authority for: (a) the management of departments; and (b) the management of human and financial resources of the Secretariat (to Under-Secretary-General/Department of Management)
Accountable for policy advice; programme delivery; management of department, and the effective management of human and financial resources
• Management Performance Board
• Programme management plan
• Human resources action plans
• Reports of the Office of Internal Oversight Services
• Oversight Committee
Heads of departments/offices/main organizational units
Set objectives; delegate responsibility and authority to manage programmes in a given division
Accountable for divisional performance
• Directorate workplans
• Performance Appraisal System
• Reports of the Office of Internal Oversight Services
Directors, senior managerial staff
Delegate responsibility and authority to administer programme activities and to ensure compliance with relevant regulations, rules and procedures and due process
Accountable for delivery of services, both quantitatively and qualitatively
• Section workplans
• Performance Appraisal System
Supervisors
Delegate responsibility and authority to provide quality service
Accountable for conduct and performance, observing work standards
• Individual workplans
• Performance Appraisal System
Other staff
Organizational oversight machinery
External oversight machinery
Internal justice

Annex II

Survey results on audit and oversight committees

Type of organization	*Organizations*	*Committees*		*Total number of organizations*	*Percentage with committees*	*Average number of members*	*Average frequency of meetings per year*	*Quorum*
		Yes	*No*					
Specialized agencies and related organizations	ILO, FAO, UNESCO, WHO, ICAO, IMO, ITU, UPU, WMO, WIPO, UNIDO, WTO, IAEA, CTBTO, OPCW	4	11	15	27	6-8	3.5	4-5
Funds and programmes	UNICEF, UNDP, UNFPA, WFP, UNHCR	5		5	100	5-8	4	4
Multinational financial institutions	World Bank Group, IMF, ADB, AfDB, EBRD, EIB, IADB, IFAD	8		8	100	4-8	2	..
Other international organizations	EC, OECD, CGIAR, IOM, OSCE	3	2	5	60	4-7	..	..
Total		**20**	**13**	**33**	**60.1**			

Note: Two dots (..) signify that data are unavailable.

Abbreviations: ADB, Asian Development Bank; AfDB, African Development Bank; CGIAR, Consultative Group on International Agricultural Research; CTBTO, Preparatory Commission for the Comprehensive Nuclear-Test-Ban-Treaty Organization; EBRD, European Bank for Reconstruction and Development; EC, European Commission; EIB, European Investment Bank; FAO, Food and Agriculture Organization of the United Nations; IADB, Inter-American Development Bank; IAEA, International Atomic Energy Agency; ICAO, International Civil Aviation Organization; IFAD, International Fund for Agricultural Development; ILO, International Labour Organization; IMF, International Monetary Fund; IMO, International Maritime Organization; IOM, International Organization for Migration; ITU, International Telecommunication Union; OECD, Organization for Economic Cooperation and Development; OPCW, Organization for the Prohibition of Chemical Weapons; OSCE, Organization for Security and Cooperation in Europe; UNDP, United Nations Development Programme; UNESCO, United Nations Educational, Scientific and Cultural Organization; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UPU, Universal Postal Union; WFP, World Food Programme; WHO, World Health Organization; WIPO, World Intellectual Property Organization; WMO, World Meteorological Organization; WTO, World Tourism Organization.

Annex III

Assignment of time frames and status of implementation and recommendations of the Board of Auditors for the period 2002-2003

	United Nations		*UNU*		*ITC*		*ICTY*		*ICTR*	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Total number of recommendations	**69**		**26**		**10**		**22**		**26**	
Recommendations reported as "completed"	24	35	9	35	4	40	17	77	9	35
Recommendations outstanding	45	65	17	65	6	60	5	23	17	65
Recommendations outstanding with time frames	**33**	**73**	**14**	**82**	**3**	**50**	**2**	**40**	**8**	**47**

Abbreviations: ICTR, International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994; ICTY, International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991; ITC, International Trade Centre UNCTAD/WTO (ITC); UNU, United Nations University.